

Message Text

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43

ACTION AGR-20

INFO OCT-01 EUR-25 IO-14 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 SS-20

NSC-10 DRC-01 L-03 PA-04 PRS-01 USIA-15 /181 W

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R 261202Z OCT 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5936

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR EEC US

SUBJECT: PROPOSED CAP FOR ALCOHOL

REF: (A) EC BRUSSELS 6080; (B) EC A-149 OF 5/18/72;

(C) STATE 192180 OF 10/21/72; (D) EC BRUSSELS 4162 OF 10/31/72;

(E) EC BRUSSELS 4470 OF 11/17/72; (F) EC BRUSSELS 3471

1. SUMMARY. NOW THAT THE EC COUNCIL HAS AGAIN FAILED TO PROGRESS
ON AN ALCOHOL CAP, THE COMMISSION AND THE MEMBER STATES MUST

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RECONSIDER THE MATTER. THIS AFFORDS US AN OPPORTUNITY TO REMIND

THE OF OUR VIEWS. WE INTEND TO RAISE THE MATTER INFORMALLY WITH THE COMMISSION AND SUGGEST THAT THE SAME BE DONE WITH THE MEMBER STATES. END SUMMARY.

2. AS NOTED IN REF. A, THE EC COUNCIL OF AGRICULTURAL MINISTERS FAILED ONCE AGAIN TO MAKE ANY PROGRESS TOWARDS ENACTMENT OF A CAP FOR ALCOHOL IN ITS MEETING ON OCTOBER 22-23. THIS CONTINUATION OF THE STALEMATE OVER THE PROPOSED CAP OF COURSE LESSENED APPRECIATELY THE CHANCES THAT THE COUNCIL WILL BE IN A POSITION TO REACH AGREEMENT BY ITS EELF-IMPOSED DEADLINE OF DECEMBER 1.

3. IT IS NOW WIDELY ANTICIPATED IN COMMUNITY CIRCLES THAT THE COMMISSION, IN ORDER TO GET THE BALL ROLLING TO AN AGREEMENT ON AN ALCOHOL CAP, WILL HAVE TO REVISE ITS PRESENT PROPOSAL SUBSTANTIALLY (REF. B). THE COMMISSION OBVIOUSLY RECOGNIZES THIS STATE OF AFFAIRS AS ILLUSTRATED BY THE STATEMENT IN THE PRESS COMMUNIQUE OF THE COUNCIL MEETING THAT "THE COMMISSION FOR ITS PART RESERVED THE RIGHT TO EXAMINE EVERY POSSIBILITY OF AMENDING ITS PROPOSAL (FOR AN ALCOHOL CAP) TO TAKE PARTICULAR ACCOUNT OF THE NEW CIRCUMSTANCES CREATED BY ENLARGEMENT AND BY THE CHANGING SITUATION OF THE WORLD MARKET".

4. GIVEN THE PROBABLY RE-THINKING BY THE COMMISSION OF ITS PROPOSAL ON ANCOHOL, WE BELIEVE THAT THE TIME IS RIPE TO REMIND THE MEMBER STATES AND THE COMMISSION OF OUR CONCERN ABOUT CERTAIN PROVISIONS OF THE PRESENT PROPOSED CAP, IN PARTICULAR THOSE PROVISIONS CONCERNING EXPORT SUBSIDIES, VARIABLE LEVIES, THE PROHIBITION ON THE USE OF IMPORTED GRAINS FOR THE PRODUCTION OF ALCOHOL, AND STATE TRADING (REF. C). SUCH A REMINDER AT THIS TIME, IN ADDITION TO INFLUENCING THE COMMISSION'S RE-DRAFTING, COULD LEND SUPPORT TO ATTEMPTS BY THOSE MEMBER STATES SEEKING CHANGES IN THE PRESENT PROPOSAL. AT THE PRESENT STAGE, WE BELIEVE THAT THE POINTS IN THE U.S. NOTE DELIVERED TO THE COMMUNITY IN OCTOBER 1972 (REF. C) REMAIN VALID AND COULD BE DRAWN ON FOR INFORMAL,

ORAL PRESENTATIONS.GREENWALD

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